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CENTRAL INTELLIGENCE AGENCY

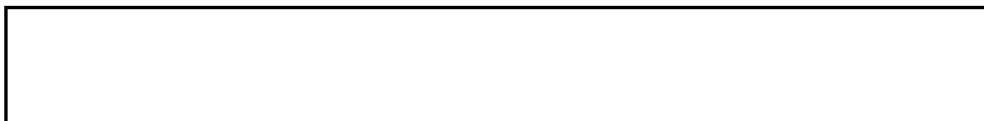
OFFICE OF NATIONAL ESTIMATES

10 August 1961

STAFF MEMORANDUM NO. 44-61 (Internal ONE Working Paper -
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SUBJECT: Current Situation in Cyprus*

1. At the end of its first year of independence, Cyprus still faces major problems. Relations between the Greek community (449,000 people) and the Turkish community (105,000 people) are governed by jealousy and suspicion. This mutual distrust has prevented proper staffing of the civil service and of establishing separate administrative entities for the five largest towns; both items being provided for by the constitution. An association of former EOKA resistance fighters has become more active and may have been responsible for recent sabotage of water supply lines to British bases. The Turkish community also has a terrorist organization. Both have been smuggling arms into Cyprus over the past year. Given the



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background, relations between the two communities are no worse than was expected. At least widescale violence has not broken out.

2. Cyprus also has economic difficulties to contend with. The economy is still re-adjusting to the changeover from the heavy British spending in the emergency years to present conditions. A three year drought drastically reduced grain crops necessitating reliance on imported foodstuffs. The US has delivered 50 thousand tons of PL 480 wheat and barley to Cyprus in the past year. While the land is largely peasant owned, agriculture is not very efficient. Tourism, a major source of income, has not recovered from the emergency. The Cypriot government itself, while anxious to press on with development, is beginning to realize that it has neither the personnel to manage development programs nor the capital to finance them. It will, however, probably be able to obtain reasonable amounts of foreign aid for development, and economic troubles are not, of themselves, likely to prove critical.

3. A more serious problem facing the Makarios government is the slowly growing strength of AKEL, the Greek Cypriot communist party. AKEL, by agreement with Makarios, obtained

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five seats in the House of Representatives following the elections of 1960. AKEL is estimated to control 30-40% of the Greek vote and AKEL members or sympathizers held mayoralities in three of the five major towns on Cyprus. The greatest element of AKEL strength is its control of the 35,000 man Pan-Cypriot Federation of Labor (PEO). Well-organized, able to get benefits for the workers, it is only feebly opposed by the 15,000 man Cyprus Confederation of Workers (SEK).

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4. In the past two months Archbishop Makarios has taken some tentative steps to counteract AKEL's growing influence. He has encouraged the reorganization of his supporters, the Patriotic Front, in an attempt to make it a more effective political instrument. Although he was forced to acquiesce in having an AKEL man represent Cyprus at the International Labor Organization conference earlier this year, he used his influence to have SEK named the official union at the American-owned Cyprus Mines Corporation installations, when the latter urged him to. Makarios has also used his influence to restrain communal extremists. On the whole, however, he has avoided direct involvement in politics, and has so far failed to give

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badly-needed leadership to the non-AKEL groups. If AKEL is to be effectively fought, Makarios will have to take a more active and dynamic role than heretofore.

5. On the international scene, Cyprus is pursuing a policy of Western-inclined neutrality. Relations with Britain are fairly good, though the irritant of the British bases will continue indefinitely, to provide a ready-made issue for AKEL as well as right-wing extremists to exploit.

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Both the Greek and Turkish governments are

desirous of seeing the Cypriot government work, though both will remain alert to protect the interests of fellow Greeks and fellow Turks on the island.

6. Over the next year or so, Cyprus will continue to be plagued by communal tensions, labor problems and economic troubles, but chances are better than even that none of these will critically threaten the new state's existence. Over the

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longer term AKEL poses the most serious threat. Unless steps are taken to arrest the steady communist progress, AKEL will in time, perhaps by the 1965 elections, be able to dominate or hold the balance of power in the Cypriot parliament.

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